



Jeanne Min <jeanne.min@lacity.org>

RE: Meeting Request: Short Term Rentals

1 message

Veronica Perez <vp@veronicaperez.com>

Thu, Aug 27, 2015 at 11:32 AM

To: Dave Cano <david.cano@lacity.org>

Cc: Jeanne Min <jeanne.min@lacity.org>, "Gary Benjamin (gary.benjamin@lacity.org)" <gary.benjamin@lacity.org>

Hi everyone! Our group will be in City Hall on Monday and wondering if the CM might be available to meet on this issue at 2 pm or 4.30 pm on Monday. If not, we can work out more dates later in the month.

FYI by then we will have met with most other of the Councilmembers on this issue. Also, I have attached our letter with our position. Thank you!

From: Veronica Perez**Sent:** Wednesday, August 05, 2015 3:37 PM**To:** 'Dave Cano'**Cc:** 'Jeanne Min'; David Giron**Subject:** Meeting Request: Short Term Rentals

David,

I am writing to request a meeting with the Councilmember and my client, *Keep Neighborhoods First*, a coalition of neighbors, tenants, and affordable housing proponents who are concerned about short-term rentals and their effect on L.A.'s communities (this relates to the Bonin Motion regarding short-term rentals that was referred to PLUM). We would like to discuss the negative impacts of the commercialized short-term rental industry, and also talk about how we can work cooperatively with the city to fix the situation.

Our broad coalition will be making the rounds on August 28 and 31. Would either of these dates work for the Councilmember to meet? If not, please let me know what works for you. Thank you very much!



Veronica Perez

655 S. Hope Street, Suite 1208
Los Angeles, CA 90017

Mobile: (626) 644-5525

Phone: (213) 221-7161 *Fax:* (213) 221-7128

vp@veronicaperez.com www.veronicaperez.com

GOVERNMENT RELATIONS | PUBLIC AFFAIRS | COMMUNITY OUTREACH | LOBBYING



KNF Advocacy Letter_v6.pdf
332K



August 24, 2015

The Honorable Mike Bonin
Los Angeles City Hall
200 North Spring Street, Room 475
Los Angeles, CA 90012

**Re: Short-Term Residential Rentals
Council File #14-1635-S2**

Dear Councilmember Bonin:

This letter is submitted on behalf of "Keep Neighborhoods First," a coalition of neighbors, tenants, and affordable housing proponents who are concerned about short-term rentals and their effect on Los Angeles' residential communities. We would first like to thank you for bringing attention to this matter, and recognizing the need to effectively regulate short-term rentals, as other neighboring cities such as Santa Monica and West Hollywood have done. This is an important first step toward protecting our valuable housing stock, reining in the growing concentration of commercially-operated short-term rentals, and protecting our diverse residential communities.

In the past five years, the proliferation of short-term rental websites such as AirBnB, VRBO, and Home Away have made it easier for property owners in desirable destination cities to connect with vacationers who are willing to pay inflated nightly rates. We do not oppose legitimate home-sharing where the rental is a couch or spare bedroom, and the owner is present in their primary residence. However, that is not occurring in the majority of L.A.'s short-term rentals. Most bookings are whole-unit listings by quasi-professional leasing agents masquerading as hosts.

The growth of this industry does not come without serious negative impacts – both long and short-term – to the fabric of our city. Popular neighborhoods such as Venice, Echo Park, Hollywood, and Silver Lake are being overrun by short-term rentals pushing out the very locals who make the community desirable. Commercial investors are quickly stockpiling our city's affordable housing to get a piece of the pie. And, quality hospitality jobs are being threatened by the use of lower paying, unprotected, domestic workers. As this issue moves forward through the legislative process, we urge you to keep the following concerns in consideration:

I. The Toll on Housing

Affordable housing is the bedrock of our communities, but as we already know, Los Angeles has the least affordable rental market in the country and the second-least affordable region for middle-class

families looking to buy a home.¹ The Los Angeles Department of City Planning's latest Housing Needs Assessment reported that the city must build an additional 3,500 units of affordable housing *each year* to keep pace with the backlogged demand. Unfortunately, the city is only averaging approximately 1,100 units built per year since 2006. If you are an Angeleno looking for an affordable place to live, the only thing more troubling than these figures is the latest threat to affordable housing: short-term rentals and illegal rogue hotel operators.

Short-term rentals have had and will continue to have a disastrous effect on the supply of housing at all income levels if left unchecked. Property owners who rent out for short terms often stand to make a substantial amount of money – certainly more than if they rented to long-term tenants. This creates a tremendous financial incentive for landlords to take units off the rental market and convert them to short-term rentals. This is big business, and more money can be made in a few days than with a lessee of 12 months or more. With Gold Rush frenzy, long-time tenants are being harassed to leave their homes and entire RSO-controlled buildings are being converted into de facto hotels complete with lock boxes and maid service. It was recently reported that approximately 10,943 housing units have been removed from our housing stock and converted into short-term rentals.² At the current rate of affordable housing construction, it would take decades to recover from this deficit. In Venice alone, there are 1,428 AirBnB listings, all without public approval.³ An astonishing 78.3% of those listings are entire homes and apartments.⁴ These rentals are so lucrative that they are dramatically affecting the supply of apartments as units are pulled off the rental market and put into the tourist market.

If short-term rental platforms continue to proliferate, we will continue to see our housing supply constrict and rental costs rise. Perhaps most importantly, we stand to completely diminish Los Angeles' valuable RSO housing stock. Investors are profiteering from the short-term rental of RSO units, making the affordable housing shortage in Los Angeles that much more acute. Rent-controlled tenants are being evicted not to make way for owners, but to make way for tourists. Unfortunately, the neighborhoods that are most popular with vacationers and short-term renters are also the neighborhoods with the highest rents and low rental vacancy. In other words, the areas in Los Angeles that are now the least affordable to live are becoming even more unaffordable because of short-term rentals.

II. Where Goes the Neighborhood?

While property owners and middle men commercial operators may be cashing in on the new "sharing economy," Los Angeles' residential neighborhoods are bearing the brunt of the impact. Residential zones are intended to provide families with a quiet living environment, free of commercial and industrial activities. However, short-term rentals have replaced that quiet environment with noise, anxiety about personal safety, and the nuisance of a steady parade of transients who have no investment in the neighborhood.

Hard-working Angelenos who never intended to live next to a hotel must now contend with loud music at all hours of the night, littering, increased traffic, parking deficiencies, and partying vacationers 24

¹ Harvard University's Joint Center for Housing Studies

² LAANE, "AirBnB, Rising Rent, and the Housing Crisis in Los Angeles," March 2015 - <http://www.laane.org/wp-content/uploads/2015/03/AirBnB-Final.pdf>, Addendum August 2015

³ www.insideairbnb.com/los-angeles/index.html

⁴ Id.

hours a day, 7 days a week. But, it's not only living next to a hotel, but a hotel without any employees to fix the problem. In normal situations, neighbors would be able to discuss the issue, mitigate whatever problems exist, and handle things. In most short-term rental cases though, the property owner is simply not present. Neighbors are left with a deteriorating community and no tools to rectify the situation.

Furthermore, the loss of community, diversity and neighborhood integrity brings significant public safety concerns that cannot be ignored. A procession of unfamiliar faces undermines the "neighborhood watch," and makes the community more susceptible to increased crime. Also, residents in most rental properties are carefully screened prior to occupancy with credit and background checks. This is not the case with short term renters who, in almost every case, hardly give any information about themselves before renting a house or adjacent apartment. The security risk of distributing gate codes and allowing strangers into a building makes short-term rentals a tremendous security and safety concern.

III. The Effect on the Local Economy and Hospitality Jobs

If short-term rental bookings and listings continue to increase, hotels may be forced to lower their average rates to increase their occupancy and remain competitive. Good-paying hospitality jobs may be lost as a consequence of this new surge of unregulated competition. It is estimated that if all AirBnb units in Los Angeles were hotel rooms, they would employ more than 7,400 hotel workers earning an average of \$14.07/hr.⁵ Instead, however, domestic workers earning far below living wage are tasked with home cleaning duties in short-term rentals – likely without healthcare and other employment benefits commonly enjoyed by hospitality workers. This shrinks the pie, weakens a family's financial security, and decreases the amount of dollars poured into the economy – all translating into less jobs for other Angelenos.

IV. Special Coastal Zone Provisions – Mello Act

As you are aware, the Mello Act is a state law that went into effect in 1992 to increase and protect the supply of affordable housing along California's Coastal Zone. Per Government Code Section 65590(c) of the Act, local governments may not approve a project that will replace existing residential units with non-residential uses unless it finds that a residential use is no longer feasible at the project site or the new use is Coastal-Dependent. This rule applies to both market-rate and affordable units. If the city approves the project, then any existing affordable housing units must be replaced one-for-one.

It is apparent that allowing short-term rentals to take over rental housing within the Coastal Zone is a direct violation of the Mello Act and the City's Interim Administrative Procedures. In the case of short-term rentals, the existing residential units are converted to a non-residential, non-Coastal-Dependent use with a clear commercial purpose. Without immediate enforcement of these Mello Act violations, Venice and other impacted coastal neighborhoods will continue to suffer a disastrous loss of housing at all income levels.

⁵ LAANE, "AirBnB, Rising Rent, and the Housing Crisis in Los Angeles," March 2015 - <http://www.laane.org/wp-content/uploads/2015/03/AirBnB-Final.pdf>

As you can see, the growth of short-term rentals goes beyond non-compliance and lost revenue. There is no amount of revenue that can replace the housing that has already been lost. Furthermore, any revenue collected will not be sufficient to support full compliance and enforcement and replace the 10,943 units that have already been converted. We are eager to work with you to create an ordinance that protects housing, addresses neighborhood concerns, and provides a framework to ensure effective enforcement. We thank you for your consideration and the opportunity to continue working with you.

Sincerely,

A handwritten signature in cursive script that reads "Judith Goldman".

Judith "Judy" Goldman
Keep Neighborhoods First

Cc: Mayor Eric Garcetti
City Attorney Mike Feuer
Councilmember Paul Krekorian
Councilmember Bob Blumenfield
Councilmember David Ryu
Councilmember Paul Koretz
Councilmember Nury Martinez
Councilmember Felipe Fuentes
Councilmember Marqueece Harris Dawson
Councilmember Curren Price
Councilmember Herb Wesson
Councilmember Mike Bonin
Councilmember Mitch Englander
Councilmember Mitch O'Farrell
Councilmember Jose Huizar
Councilmember Joe Buscaino

